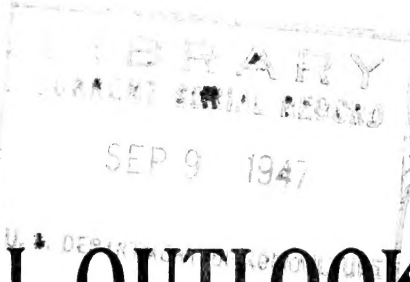


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FOR RELEASE
SEPT. 8, P. M.

The AGRICULTURAL OUTLOOK DIGEST

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A

WASHINGTON, D.C.

BHE

AUGUST 1947

After remaining stable for several months, wholesale prices are again climbing.

The BLS average for all commodities jumped five points from the second week in July to mid-August. Among prices moving up were those for coal, iron, steel, petroleum products and automobiles. Rises accompanied wage increases.

Wholesale prices of many farm products shared the advance. Feed grains soared more than 10 percent from July 1 to August 15. Meat, eggs, milk and butter also were higher.

Because of higher prices for feed and a rise in rural living costs, prices paid by farmers including interest and taxes set a record of 235 in August.

Farmers' prices are stronger than usual for the season. Although summer harvests have upped supplies of many products, prices received by farmers in mid-August held at the July level of 276, only 4 points below the March record.

Corn prices, bolstered by prospects for a much smaller crop than last year, hit a record average of \$2.19 per bushel on August 15. Although wheat usually declines fairly sharply at this time of year, strength in corn held drop in wheat to a few cents. Other feed crops, truck crops, meat animals and dairy products also were higher. Fruit and cotton prices fell sharply.

Since prices received by farmers are lagging behind those they pay, the parity ratio--prices received divided by prices paid--for August was off 2 points to 117.

Nearly full employment and high incomes are keeping demand strong for farm products as well as for other goods.

Most Americans who want a job have one. About 60 millions were at work in July according to Commerce estimates. Employment off the farm reached a peacetime high of 50 millions. As the peak harvest period passed, the number of workers on farms dropped. Unemployment stayed at the June figure of 2.6 millions.

Salary and wage payments reached a peacetime record in June as the result of wage increases and more workers drawing pay checks in trade and services. Personal incomes also set a record in June with an annual rate of 193 billion dollars.

Farmers' cash receipts continue well above 1946. For the first 3 months they totaled 17.4 billion dollars, about 21 percent more than last year. Excluding government payments, the increase was 26 percent.

Industrial production again declined. July figure was 6 points below June and 12 below March peacetime record. Shortages, work stoppages, vacations and curtailed output because of lower demand for some goods caused reduction in both durables and nondurables.

Large purchases of farm products for export continue to influence farmers' prices. In the first half of 1947, agricultural exports, including military shipments of food to foreign civilians, totaled 1,978 million dollars. This is far above prewar; somewhat above 1946.

Most of gain over 1946 was in prices. In pounds, bushels, and bales, exports probably were slightly below first half of last year.

Exports in the first six months of 1947 included 232 million bushels of wheat, 106 million bushels of corn, 148 million pounds of meat, 1.9 million bales of cotton, 290 million pounds of tobacco.

These figures may mean more when compared with production or disappearance. Forty percent of wheat and rice used in the first six months, more than half of dried whole milk, 27 percent of the cotton, 30 percent of the tobacco and three-fourths of all dry peas were exported. Only 1 percent of the meat produced, 1/2 percent of the butter and 1-1/2 percent of canned vegetables were shipped abroad.

FEED GRAINS Prospects for corn will be the big news in feed until October. Hot, dry weather in midwest has damaged crop. According to mid-August estimate, output will be 2,437 million bushels, 223 million less than estimated on August 1, 851 million bushels below 1946, and the smallest since 1936 drought. Oats and barley crops were largely made before weather turned bad.

Production of corn, oats, barley and sorghum grain are now expected to total 22 percent below 1946 and less than in any year since 1939. Supply of all feed concentrates for the 1947-48 feeding year is estimated at 12 percent below 1946-47 and smaller than most other recent years. On a per animal unit basis, concentrates will be only slightly below average for last 10 years.

Record corn prices were accompanied by increases for other feeds. Oats and barley advanced sharply in early August although they usually decline at that time. Byproducts feeds also moved up. Wheat prices fell less than usual. Livestock-feed ratios were below average.

WHEAT After harvest, wheat prices declined at both the Minneapolis and the Kansas City markets; would have dropped more if corn had been lower. In August, however, prices advanced 20 cents at Kansas City where much of the winter wheat is marketed. They were well above loan levels at both markets.

Foreign needs for wheat again will exceed amount surplus producing countries will have to export. Although U. S. crop is a record, Canadian output is now estimated at only 359 million bushels, well below last year and the average. Conditions are good in Australia and Argentina. Some exports from Russia are possible.

LIVESTOCK AND PRODUCTS High prices and a much smaller production for corn may mean smaller pig crops than expected earlier. In early August, slaughter of sows was unusually heavy, indicating that farmers may be planning to cut down production.

Meat output was large in August and is expected to continue so through fall as sales of meat animals increase. Prices are expected to ease downward but probably will not decline greatly as long as consumer incomes continue high.

Dairy products prices may rise about 10 percent between now and late fall--about average for season. Compared with prices of other livestock products and with feed, however, prices farmers will receive for whole milk and butter-fat will be less favorable than last year.

More butter, cheese and evaporated milk than last year will be on hand during the rest of 1947. Milk output will be about the same but less is likely to be used in fluid form.

During the first 8 months of 1947, eggs averaged 42 cents a dozen, 7 cents above 1946 and a record. Eggs are likely to continue well above last year.

Three percent more potential layers were on farms August 1 than a year earlier. Because of the price and production outlook for feeds, number of layers on hand January 1, 1948, may be little if any larger than on New Years 1947.

FATS AND OILS Smaller stocks than usual and a seasonal downturn in production caused butter prices to gain materially in July and early August. Prices of most other fats and oils declined.

Output of edible vegetable oils in 1947-48 will be 5 to 10 percent above 1946-47. Oilseed products will gain most because all crops except soybeans are larger. Smaller corn crop may hold output of lard, tallow and greases below 1946-47.

FRUITS AND VEGETABLES As more deciduous fruits from new crops come on market in September and October, prices are expected to fall. They probably will average a little less than in 1946 but double prewar.

Dried fruit pack for 1947 will be larger than last year. Prices, particularly for raisins and prunes, will be sharply lower.

Output of truck crops for fresh market is lower this summer than last. Prices also were lower because of bunched marketings. In September and October, returns from cabbage, celery and tomatoes probably will be above 1946. Production of other fall crops has not yet been estimated.

Production of truck crops for processing will be moderately below 1946 but the third largest in recent years. Prices will be below the extreme highs of 1946.

The potato crop improved in July. Output is now estimated at 362 million bushels; about 25 percent below 1946 and 4 percent below average. Since May, prices have been moderately above those for the same months of last year; probably will continue higher.

Estimates of sweetpotato production have been lowered to 60 million bushels, 10 percent below last year and 6 percent below average. Prices for the crop are expected to average above those for 1946.

COTTON AND WOOL Cotton prices have gone down since mid-July. Average for August 1 to 20 was 34.90 cents per pound compared with 37.52 for July. August 1 forecast of 11.8 million bales from the 1947 crop was up over 3 million bales from last year and only half a million bales below average.

Consumption for 1946-47 crop season was 10 million bales compared with 9.2 millions in the last season. Disappearance for the 1946-47 season is estimated at 13.6 millions. Carryover on August 1 is reported at 2.5 million bales, the lowest since 1929.

Government wool purchase program was renewed by CCC on August 15. New schedules reflect same average price to growers as in 1946 but spread between grades is greater and dealer margins higher. Since growers still hold large part of their 1947 clip, they are expected to use program.

TOBACCO Flue-cured tobacco crop was estimated at 1,296 million pounds on August 1, 56 million pounds below last year. However, July 1 stocks were larger and total supply for 1947-48 will exceed 1946-47. Prices at auction sales in August averaged less than last year.

Record production of cigarettes is holding domestic demand for flue-cured high. In 1946-47, more than 360 billion cigarettes were turned out, 8 percent more than last year. Production is expected to continue high through 1947.